

**Commonwealth of Virginia
Fauquier County
2018 Board of Equalization
98 Alexandria Pike
Warrenton, VA 20186**

16 August 2018

To: Mr. Paul McCulla, Administrator
The Honorable Judge Jeffrey Parker

From: Tom LaHaye, Chairman
Ida Light, Vice Chairman
Jennifer Hoysa, Secretary
Dawn Arruda
Lee Sherbeyn

Subject: Final Report and Recommendations

The 2018 Board of Equalization ("BOE") started hearings in early May 2018 and concluded hearings in August 2018. A summary of the BOE's activities and actions is as follows:

1. Appeal Requests	
a. Hearings	198
b. Reviews without hearings	<u>171</u>
	<u>369</u>
2. Results	
a. Hearings with Decrease	120
b. Hearings with Increase	9
c. Hearings with No Change	69
d. Reviews with Decrease	160
e. Reviews with Increase	<u>11</u>
	369

This BOE considered 369 parcels or about 1.12% of the County's 32,796 taxable parcels (parcel count as of August 16, 2018). Of the 369 parcels considered, just over 75% of assessments were reduced. Hearings, reviews, and County initiated corrections resulted in a net decrease to property values totaling \$18,523,200 in fair market value. Many adjustments were for parcels in land use or easement. With the land use assessment was applied to these parcels, the net total taxable decrease to the 2018 Land Book was \$17,741,600.

Certain issues were noted during our hearings and deliberations which we recommend be addressed before the next reassessment.

Training – The public would benefit from a better understanding of the reassessment process including the methodology used for mass reassessment. Supervisors might consider hosting training sessions in their districts at the beginning of the reassessment cycle, and the Reassessment Office might consider publishing educational articles in local periodicals.

The Assessors' Manual is a valuable tool for the BOE in understanding the methodology underlying assessed values as well as the key value drivers. It would be beneficial to schedule a comprehensive training session with the assessor, to include a page-by-page review of the Assessors' Manual and how the methodology therein flows to the Property Record Card and the assessed value.

Legacy Adjustments – The economic basis for some adjustments historically applied to certain parcels is not well documented. This is especially true for topographic (“topo”) and percolation (“perc”) adjustments.

Topo adjustments are not applied consistently, even when nearby parcels have similar topographic conditions, and result in non-equalized parcels. Such topo adjustments may not be supported by actual sales, resulting in neighborhood adjustments to offset the topo adjustments. We believe the assessors should consider deleting all topo adjustments in the next reassessment cycle.

Numerous undeveloped parcels have perc adjustments related to the historical cost of alternative septic systems, but the cost of such systems has decreased dramatically in the last few years. In addition, a perc adjustment should only consider the incremental cost of an alternative vs. standard system plus the higher operating cost of an alternative system. Such adjustments should be expressed as a dollar value rather than a percent so that the adjustment amount does not fluctuate with homesite values. Finally, parcels with percolation issues would ideally be cross-referenced with Virginia Department of Health records to confirm that the issue remains.

New Adjustments – All adjustments should be documented in the remarks section, and such remarks should be retained.

Sub-divisions – The same assessor should be used throughout a given neighborhood or sub-division whenever possible to enhance consistency. The assessor should also ensure that similar properties within a neighborhood or sub-division are assessed consistently, or differences are properly documented.

Legacy Data – Property Record Card (“PRC”) notes and comments are not always maintained between Reassessment and Commissioner of Revenue databases over the course of a reassessment cycle. Procedures should be established so that this key historical information is retained.

Grade of Construction – Grade is a key variable driving the assessed value of improvements. We believe Grade would ideally be assigned once and then retained for the life of a given improvement. The reason for any change to the Grade of Construction should be thoroughly documented within the Keystone system.

Internet Service - The assessors should consider the availability of internet service on parcels because it affects marketability.

Neighborhood Factors – One of the biggest concerns for citizens and the BOE was about increases driven by neighborhood factors applied to the dwellings. The reasons for neighborhood changes should be more clear, and overriding adjustments should be made for outliers.

Assessors should consider whether Neighborhood Factors might be better presented as differences in homesite values between neighborhoods.

Valid Sales – The sales ratio analysis would be more effective if the population of valid sales were expanded. The assessor should have the ability via County provided tools to do sales trending to include sales older than a year.

Outbuildings – In many cases, the contributory value of outbuildings to the property values may be too high.

Homesite – All homesites under 1 acre should be evaluated on a sliding scale based on size, location, and features (i.e. $\frac{1}{4}$ vs $\frac{1}{3}$ vs $\frac{1}{2}$ vs $\frac{3}{4}$, and corner lots vs cul-de-sac lots vs interior lots.)

Pictures – Proper pictures of all improvements are important when property owners challenge the value of such improvements. Assessors should endeavor to secure full front and rear elevation pictures as well as any important features of primary improvements.

Documentation of Changes – The assessors need to better document the reasons for changes in property descriptions and adjustments from one assessment to the next. It was often unclear why changes were made. Examples include Effective Year, Condition, and even measurement changes.

Reassessment Cycle – A four year reassessment cycle results in fairly large assessment changes, and the perception among property owners that their taxes are increasing more than they actually are in many cases. A two year reassessment cycle would allow for smaller changes.

Notices to Property Owners – The initial notices sent to property owners convey confusing information and create unnecessary concern by expressing reassessed values and unadjusted tax rates. This notice is a State requirement, but it should better explain the information provided or be eliminated.

Board Members - The make-up of the BOE in 2018 was a majority of realtors which provided more insight to the market.

The role of the BOE secretary requires a much greater time commitment and should be compensated accordingly.

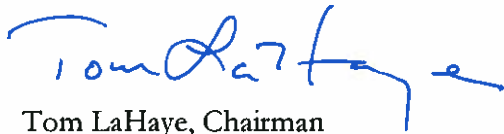
In closing, we wish to commend Dan Stell of the GIS Department and Patty McSweeney of the Reassessment Office for the continual improvements in information technology and visual display tools available to the BOE. The ability to display maps indicating home site and residual land values

for appellant parcels, and demonstrate that the assessments on those parcels are equalized is an invaluable tool. The ability to then display the Property Record Card (PRC) and walk through its details was equally valuable. Special thanks go out to BOE member Dawn Arruda, who provided the 65 inch display and operated these systems during the course of our hearings.

The BOE feels confident since Ms. McSweeney is now a permanent Reassessment Coordinator that many of these issues will reviewed and addressed between reassessments and during the upcoming reassessments.

BOE Secretary Jennifer Hoysa, working with Ms. McSweeney, developed an effective decision tracking tool that allows detailed tracking of all BOE decisions within a system that then facilitates summary data extraction. Ms. Hoysa is also to be commended for her outstanding service as secretary to this board.

Respectfully Submitted for the 2018 Fauquier County Board of Equalization,



Tom LaHaye, Chairman

Cc: Catherine Heritage, Deputy County Administrator
Ross D'Urso, Commissioner of the Revenue
Deanna Roush, Real Estate Division Supervisor
Patricia McSweeney, Reassessment Coordinator